

## FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses DRI's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 1998 to the January 1999 *Idaho Economic Forecasts*. The October 1998 Idaho forecast was based on DRI's September 1998 U.S. macroeconomic forecast and the January 1999 Idaho forecast is driven by DRI's November 1998 forecast.

A review of the differences between the current and previous *Idaho Economic Forecasts* presents conflicting evidence whether the national economic outlook has strengthened or weakened. On the one hand, the forecast for nominal GDP is lower than was previously projected. However, inflation is much lower in the current forecast. As a result, real GDP is stronger, with the largest improvements coming in the short run. Personal income shows the same general pattern. It is up slightly over the previous forecast in most years of the forecast, and down modestly in 2002. Interestingly, the forecast for employment is not as bullish as the forecasts of real GDP and real personal income. National nonfarm employment is about one half percentage point lower in each year of the current forecast compared to the previous one. Services-producing employment is down about one half percent annually, while goods-producing is off just over one percent.

The outlook for Idaho's economy has improved compared to the last forecast. Idaho nonfarm employment is 0.7% higher in each year than was previously projected. The lion's share of this strength is in the services-producing sector. By 2002, this sector should have nearly 3,700 more jobs than was earlier anticipated. Employment in the goods-producing sector is initially stronger, but loses this advantage over time. Specifically, it is about 1,200 higher in 1998, but 300 lower by 2002. The combination of stronger nominal personal income and lower inflation improves Idaho real personal income, especially in 2000 and 2001.

**IDAHO ECONOMIC FORECAST**  
**FORECASTS COMPARISON**  
**DIFFERENCES BETWEEN JANUARY 1999 AND OCTOBER 1998 FORECASTS**

	1997	1998	1999	2000	2001
<b>GDP (BILLIONS)</b>					
Current \$	0	5	-2	-14	-38
% Difference	0.0%	0.1%	0.0%	-0.2%	-0.4%
1992 Chain-Weighted	0	15	32	27	17
% Difference	0.0%	0.2%	0.4%	0.3%	0.2%
<b>PERSONAL INCOME - CURR \$</b>					
Idaho (Millions)	-119	-3	39	89	80
% Difference	-0.5%	0.0%	0.1%	0.3%	0.3%
U.S. (Billions)	0	-4	14	12	-2
% Difference	0.0%	-0.1%	0.2%	0.2%	0.0%
<b>PERSONAL INCOME - 1992 \$</b>					
Idaho (Millions)	-106	5	27	85	98
% Difference	-0.5%	0.0%	0.1%	0.4%	0.4%
U.S. (Billions)	0	-2	10	12	7
% Difference	0.0%	0.0%	0.2%	0.2%	0.1%
<b>TOTAL NONFARM EMPLOYMENT</b>					
Idaho	-12	3,398	3,828	3,999	4,070
% Difference	0.0%	0.7%	0.7%	0.7%	0.7%
U.S. (Thousands)	0	-22	-694	-864	-895
% Difference	0.0%	0.0%	-0.5%	-0.7%	-0.7%
<b>GOODS PRODUCING SECTOR</b>					
Idaho	0	1,189	460	427	15
% Difference	0.0%	1.1%	0.4%	0.4%	0.0%
U.S. (Thousands)	0	123	-123	-313	-307
% Difference	0.0%	0.5%	-0.5%	-1.3%	-1.3%
<b>SERVICE PRODUCING SECTOR</b>					
Idaho	-12	2,209	3,368	3,572	4,054
% Difference	0.0%	0.5%	0.8%	0.8%	0.9%
U.S. (Thousands)	0	-145	-571	-551	-587
% Difference	0.0%	-0.1%	-0.6%	-0.5%	-0.5%
<b>FINANCIAL MARKETS</b>					
Federal Funds Rate	0.0	-0.1	-0.5	-0.4	0.0
Bank Prime Rate	0.0	-0.1	-0.5	-0.4	0.0
Mort Rate, New Homes	0.0	0.0	0.0	-0.1	0.0
<b>INFLATION</b>					
GDP Price Deflator	0.0	-0.2	-0.5	-0.6	-0.7
Personal Cons Deflator	0.0	0.0	0.0	0.0	-0.2
Consumer Price Index	0.0	-0.1	-0.3	-0.8	-1.4

**Forecast Begins the THIRD Quarter of 1998**